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SIPDIS

SENSITIVE
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NEA FOR FRONT OFFICE; NEA/IPA FOR
GOLDBERGER/SHAMPAINE/BELGRADE; EEB FOR DIBBLE; NSC FOR
ABRAMS/WATERS; TREASURY FOR HARRIS/LOEFFLER/NUGENT/HIRSON;
BRUSSELS FOR LERNER

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SUBJECT: FRENCH BEGIN PLANNING FOR PALESTINIAN DONORS'
CONFERENCE IN DECEMBER

¶1. (SBU) Summary. Pierre Duquesne, a former French representative to the IMF, is leading French efforts to coordinate planning for the December donors' conference in Paris. Duquesne told the Consul General in Jerusalem on October 25 that the Palestinian Authority has agreed to hold the conference on December 17, provided the timing for the Annapolis meeting did not slip. He delivered a concept paper and a potential list of participants to the Palestinian Authority and established a local steering committee in conjunction with the Ministry of Planning, the office of the Quartet Representative, and the World Bank. The Consul General emphasized that the overall objective of December is to demonstrate international political and tangible financial support for the Palestinian government, and therefore the French effort needs to be closely coordinated with the office of Prime Minister Fayyad. End Summary.

¶2. (U) Former French representative to the IMF, Ambassador Pierre Duquesne, was in Jerusalem and Ramallah the week of October 22, in order to plan for the December donors' conference in Paris in support of the Palestinian Authority (PA). Duquesne was joined by Jean-Christophe Peaucelle, MFA Deputy Director for Economic and Financial Affairs, and Valerie Montane, Regional Economic Counselor from the French Mission in Beirut. The three called on the Consul General on Thursday, October 25 in Jerusalem.

December 17 in Paris:
Following Annapolis and a PA Reform Plan

¶3. (SBU) Duquesne said that he has agreed with the PA on a date for the conference - December 17 - provided that the U.S.-hosted Annapolis meeting did not slide into the second week of December, in which case the French will look at a mid-January fallback date. Duquesne said that while he does not want the Paris conference "to link to the content of Annapolis," he thinks the U.S.-sponsored meeting is important to build momentum for a successful donor event. He said that President Sarkozy will open the meeting, and stay for a short period, but will not participate at the same level that former President Chirac did when the French hosted the Lebanon donors' conference last year. He expects Foreign Minister Kouchner to chair the bulk of the meeting.

¶4. (SBU) The French have given the PA a short concept paper that includes a potential list of invitees (which Duquesne

described as "more than 70 countries and organizations, including all the Arabs"). While he admitted that the list is "too long on paper," the French believe it is politically necessary to invite a broad range of participants. The French, with representatives of Quartet Representative Blair, the Ministry of Planning and the Norwegians have established a small local steering committee to meet regularly in advance of the donors' conference. The French expect the PA to produce a first draft of their reform and development plan by mid-November, which Blair and the Norwegians would then take on the road to sell to donors prior to the conference.

15. (SBU) The Consul General told Duquesne that the overall goal of the conference is a demonstration of tangible international financial support to the Palestinian Authority, and in particular to the government of PM Fayyad. Therefore, it is critical that the French remain in close contact with the PM and, most importantly, ensure PA ownership of the plan put forward to donors.

Next Step: Washington Consults

16. (SBU) Duquesne believes the World Bank and IMF should "informally endorse" the PA's multi-year expenditure framework prior to the donor event, as a means of warding off substantive discussion in Paris on the details of the plan. He admits this will be difficult, given that the PA is not a member state of either institution. (Note: Local World Bank staff privately tell ConGen officers that they believe such an endorsement is unnecessary and will be hard to get. End Note.) Duquesne said that he would go to Washington in early November to discuss this idea with the Bank and the Fund, but also would reach out to the Department to set up appropriate meetings.

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17. (SBU) Duquesne is also looking to establish a follow-up mechanism to the donors' conference to ensure that both donor commitments are met. He suggested that there might be role for Blair in this follow-up. He also sought PA support for a private sector component to the conference, but was unsuccessful. PM Fayyad subsequently told the Consul General he does not support inclusion of private sector representatives in Paris in December, and instead suggested a stand-alone private sector event in the spring. (Comment: Follow-up to Paris will be important, but existing donor structures - such as the AHLIC - and Quartet Representative Blair should be able to accomplish this without new mechanisms.)
WALLES